

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Re
1.
EC

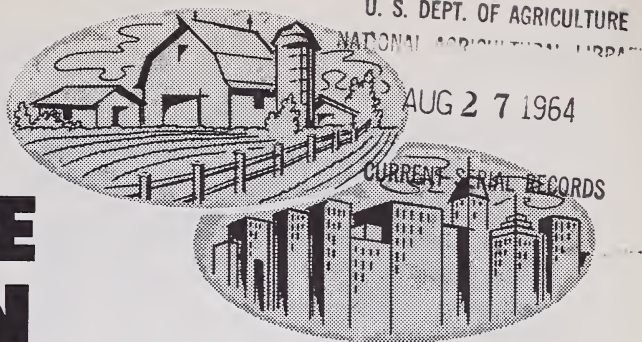
DPS

Pub
ECON

U. S.

Reserve
1.9
EC752Pa

DEMAND AND PRICE SITUATION



DPS-100

For Release May 1, P. M.

APRIL 1964

SUMMARY

Gross income realized from farming in 1964 is expected to equal or slightly exceed the record \$41.1 billion last year. Expenses for production items are rising and may total almost 2 percent more than 1963's \$28.8 billion. Accordingly, realized net farm income may be less than the \$12.3 billion in 1963. However, the number of farms in 1964 is estimated nearly 3 percent below the 3.6 million in 1963. Consequently, realized income per farm in 1964 may be little changed from the record level in 1963 of \$3,430.

Agricultural export shipments during the calendar year are expected to total more than the \$5.6 billion of 1963. Export levels of most major commodities are rising this year, with strongest gains in wheat, cotton, and feed grains. The high level of exports, particularly of wheat, points to a smaller total value of crops carried over at the close of the 1963-64 marketing season.

Continued on page 3

Published quarterly by
**ECONOMIC RESEARCH
SERVICE**

**U. S. DEPARTMENT OF
AGRICULTURE**

IN THIS ISSUE

Reappraisal of Outlook for 1964

Table 1.--Economic factors affecting agriculture

Item	Unit or base period	1963			1964		
		Year	Mar.	Dec.	Jan.	Feb.	Mar.
Industrial production, seasonally adj. <u>1/</u>	: 1957-59=100	: 124	: 121	: 127	: 127	: 128	: 123
Final products	: do.	: 125	: 122	: 129	: 128	: 128	: 123
Consumer goods	: do.	: 125	: 123	: 128	: 128	: 129	: 129
Autos	: do.	: 150	: 142	: 157	: 155	: 153	: 153
Equipment, including defense	: do.	: 124	: 121	: 129	: 129	: 127	: 127
Materials	: do.	: 124	: 120	: 126	: 126	: 127	: 123
Construction: <u>2/ 3/</u>	:	:	:	:	:	:	:
Total outlays	: Mil. dol.	: 62,775	: 60,114	: 65,522	: 65,641	: 65,785	: 67,020
Public construction	: Mil. dol.	: 18,979	: 18,588	: 19,655	: 20,031	: 19,664	: 20,464
Private residential	: Mil. dol.	: 25,711	: 24,353	: 26,615	: 26,710	: 26,959	: 27,258
Housing starts, private only	: Thousands	: 1,586	: 1,575	: 1,556	: 1,718	: 1,653	: 1,648
Manufacturers' shipments and inventories: <u>2/</u>	:	:	:	:	:	:	:
Total shipments, seasonally adjusted	: Mil. dol.	: 34,774	: 34,244	: 36,021	: 36,677	: 36,338	:
Durable goods	: Mil. dol.	: 18,071	: 17,622	: 18,476	: 19,144	: 19,085	:
Unfilled orders-shipments ratio <u>4/</u>	:	: 1.43	: 1.44	: 1.38	: 1.37	: 1.39	:
Inventory-shipments ratio, total <u>5/</u>	:	: 1.69	: 1.70	: 1.67	: 1.64	: 1.65	:
Durable goods	:	: 1.95	: 1.96	: 1.95	: 1.88	: 1.88	:
Employment and wages, seasonally adj. <u>6/</u>	:	:	:	:	:	:	:
Total civilian employment	: Millions	: 68.8	: 68.4	: 69.2	: 69.6	: 69.8	: 69.8
Nonagricultural	: do.	: 63.9	: 63.5	: 64.3	: 64.6	: 65.0	: 65.2
Unemployment	: do.	: 4.2	: 4.1	: 4.0	: 4.1	: 4.0	: 4.0
Workweek in manufacturing	: Hours	: 40.4	: 40.5	: 40.5	: 40.1	: 40.6	: 40.7
Hourly earnings in manufacturing, unadj.	: Dollars	: 2.46	: 2.44	: 2.51	: 2.51	: 2.51	: 2.51
Income and spending:	:	:	:	:	:	:	:
Personal income <u>2/ 3/</u>	: Bil. dol.	: 463.0	: 454.8	: 476.0	: 478.1	: 478.8	: 480.4
Consumer credit outstanding <u>1/</u>	: Mil. dol.	: 69,890	: 62,149	: 69,890	: 69,186	: 68,786	:
Automobile	: Mil. dol.	: 22,199	: 19,930	: 22,199	: 22,189	: 22,271	:
Total retail sales, seasonally adj. <u>2/</u>	: Mil. dol.	: 20,526	: 20,350	: 20,908	: 21,000	: 21,440	: 21,134
Durable goods	: Mil. dol.	: 6,671	: 6,576	: 6,781	: 6,855	: 7,183	: 6,867
Inventory-sales ratio <u>5/</u>	:	: 1.37	: 1.38	: 1.37	: 1.38	: 1.35	:
Prices: <u>6/</u>	:	:	:	:	:	:	:
Wholesale prices, all commodities	: 1957-59=100	: 100.3	: 99.9	: 100.3	: 101.0	: 100.5	: 100.4
Commodities other than farm and food	: do.	: 100.7	: 100.6	: 101.2	: 101.3	: 101.2	: 101.1
Farm products	: do.	: 95.7	: 95.4	: 93.3	: 96.3	: 94.5	: 95.3
Foods processed	: do.	: 101.1	: 99.0	: 100.4	: 102.5	: 100.9	: 100.4
Consumer price index, all items <u>7/</u>	: do.	: 106.7	: 106.2	: 107.6	: 107.7	: 107.6	:
Food	: do.	: 105.1	: 104.6	: 105.4	: 105.8	: 106.0	:
Prices received by farmers <u>8/</u>	: 1910-14=100	: 241	: 240	: 237	: 243	: 240	: 240
Crops	: do.	: 238	: 238	: 241	: 243	: 242	: 243
Livestock and products	: do.	: 244	: 242	: 234	: 242	: 238	: 237
Prices paid, interest, taxes and wage rates <u>8/</u>	: 1910-14=100	: 312	: 311	: 311	: 313	: 313	: 311
Family living items	: do.	: 298	: 297	: 298	: 298	: 299	: 299
Production items	: do.	: 273	: 274	: 270	: 273	: 271	: 272
Parity ratio <u>8/</u>	:	: 77	: 77	: 76	: 78	: 77	: 77
Farm income and marketings: <u>8/</u>	:	:	:	:	:	:	:
Volume of farm marketings	: 1947-49=100	: 140	: 108	: 158	: 159	: 115	: 112
Cash receipts from farm marketings	: Mil. dol.	: 36,248	: 2,333	: 3,409	: 3,380	: 2,409	: 2,400

Annual data for most of these items for years 1929, 1941, 1947 and 1950-63 appear on page 35 of this issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.

4/ Unfilled orders as of end of month divided by shipments. 5/ Inventories, book value as of end of month divided by shipments. 6/ U. S. Department of labor. 7/ Beginning January 1964, new series. 8/ U. S. Department of Agriculture, Economic Research Service.

- - - - -
 T H E D E M A N D A N D P R I C E S I T U A T I O N
 - - - - -

Approved by the Outlook and Situation Board, April 23, 1964

<u>CONTENTS</u>	
<u>Page</u>	<u>Page</u>
Summary.....	1
Commodity Highlights.....	4
General Agricultural Situation..	6
Factors Affecting Demand for	
Farm Products.....	10
Foreign Trade.....	16
Current Commodity Situation.....	19
Livestock and Products	
Meat Animals.....	19
Dairy Products.....	20
Poultry and Eggs.....	21
Wool.....	22
Current Commodity Situation (cont.)	
Crops	
Wheat.....	24
Feed Grains.....	25
Oilseeds, Fats and Oils.....	26
Fruit.....	28
Commercial Vegetables.....	29
Potatoes.....	30
Dry Beans.....	30
Cotton.....	31
Tobacco.....	33

Continued from cover page -

Consumer spending for food in 1964 is expected to increase by more than the 3 percent gain of a year earlier. The gain in domestic spending for food, textiles, and other farm products arises from higher incomes, more families, and a prospective increase in retail prices. Food prices and population each rose 1.4 percent last year from the year before. Incomes after taxes this year are likely to increase around 5 percent per capita compared with a 3 percent rise a year earlier. Although the retail value of domestically used farm products is expected to total more than a year earlier, the farm value likely will be little changed; an increase in volume likely will be about offset by lower prices received by farmers.

Output, employment, and the flow of income to consumers and business continued rising during the first quarter of 1964 and substantial increases are indicated for the remainder of the year. Gross national product is expected to total around 6 percent above the \$585 billion reported for 1963. The rise last year was more than 5 percent above 1962. Contributing to the rise this year is a surge in consumer spending; consumption was rising as a result of increased earnings and a growing population; now it is being augmented by a \$9 billion tax cut signed into law February 26. Investment in fixed plant and equipment, which inched up during the first quarter, is

expected to gain sharply during the rest of the year. Government spending will continue contributing to effective demand, but probably by less than the 7 percent rise in 1963.

Industrial production, in response to expanding demand, may rise in 1964 by more than the 5 percent gain in 1963. Although some manufacturers are not operating up to desired rates of plant capacity, further plant expansion is anticipated. Expenditures for new plant and equipment are scheduled to rise 10 percent above the \$39 billion spent in 1963. Utilization of plant capacity may continue slightly below preferred operating rates. Unemployment, too, may decrease little from relatively high levels of 1962 and 1963; employment is gaining, but so is the size of the labor force. Even so, with recent strengthening in wholesale prices, consumer prices, and wage rates, the rise in prices of final goods and services this year may be a bit larger than the 1.8 percent increase from 1962 to 1963.

COMMODITY HIGHLIGHTS

Beef and pork production was up 10 and 5 percent, respectively, from the first quarter of 1963. Beef production will continue higher in the spring and summer; cattle prices in the second quarter may average about the same as in the first quarter. But a smaller hog slaughter is expected for the rest of this year; hog prices likely will continue higher than in 1963.

Milk production in the first quarter was slightly increased from a year earlier. Pasture conditions, presently below average, will be important in determining whether production continues higher. Carryover stocks of milk products are sharply below a year earlier. Prices received by farmers are expected to average slightly above the support, again set at 75 percent of parity.

A laying flock the same to slightly larger and a rising rate of lay will lead to an increase in egg production in 1964. Prices received by farmers are likely to continue a shade below a year earlier.

Broiler slaughter has been up substantially from 1963. But lower prices and higher feed costs are causing a downward adjustment in output. Accordingly, prices may strengthen and, in the last half of 1964, average about the same as a year earlier.

Under the new wheat program, prices received for 1964-crop wheat will be substantially below 1963; the loan level was reduced to \$1.30 compared with \$1.82 a year earlier. However, payments provided through negotiable certificates and payment for diversion of wheat land into soil conserving uses improve income prospects to wheat growers. Carryover stocks July 1, 1964, are estimated to be a fourth smaller than a year earlier due to record exports this year; prospective supplies for the 1964-65 marketing year are the smallest since 1957-58.

If farmers carry out their March 1 plans, they will plant 127.1 million acres to feed grains in 1964--3 percent less than last year. Acreage signed for diversion under the 1964 Feed Grain Program increased sharply this year to 34.3 million acres, 8.6 million more than the 25.7 million acres signed up in 1963. Based on March 1 planting intentions, with average yields allowing for trend, the 1964 crop would be a little less than the 156-million-ton 1963 crop. The heavy signup under the Feed Grain Program and participation in the 1964 Wheat Program enacted on April 11 could result in a smaller acreage of feed grains than was intended by farmers on March 1.

Export of soybeans are running ahead of 1962-63 and may increase 10 million bushels to around 190 million in 1963-64. However, domestic use is running below 1963 and crushings may fall 35 million bushels short of last year's crush of 475 million. The buildup in carryover stocks and announced intentions of growers to increase acreage, point to an increase of about 12 percent in supplies for the 1964-65 marketing year. Soybean prices are likely to decline from the April 1964 level of \$2.55 (Illinois county shipping points) and during May-September may average below a year earlier.

New cotton legislation sets basic support price for 1964-crop cotton at 30 cents per pound (Middling 1-inch at average location), compared with 32.47 cents for the 1963 crop. Additional price support of 3½ cents per pound is available to growers participating in the domestic allotment program. Despite increased domestic and foreign use, stocks next August may total almost 15 percent above beginning year stocks of 11.2 million bales.

Supplies of a number of fresh vegetables this spring may be moderately smaller than a year earlier. Prices through early June likely will average above the relatively low levels of a year earlier. Supplies of canned and frozen vegetables are smaller. Potato acreage for late spring harvest is down 14 percent; prices are expected to average materially above low prices of last spring.

Supplies of fresh Southern peaches for summer harvest are down sharply because of severe spring freeze; but little or no damage is reported for the California crop. The 1963-64 Florida Valencia orange crop, now being harvested, is 28 percent larger than the reduced 1962-63 crop, but still below average.

Manufacturers' shipments of cigarettes decreased sharply, according to statistics for January-February 1964, following the smoking-health report issued in January. More data are needed to determine the effect on trends in tobacco consumption. The 1964 acreage allotments for burley and flue-cured tobaccos were reduced 10 percent below 1963. But with rising yield and larger carryover stocks, supplies are expected to continue large. Price supports for eligible 1964-crop tobaccos are 1 percent higher than a year earlier.

GENERAL AGRICULTURAL SITUATION

Domestic spending for food, textiles, and other farm products likely will rise a little more this year than last, and export shipments are expected to total more than the \$5.6 billion of the year before. Consumer income per person, after taxes, likely will rise around 5 percent from the 1963 level of \$2,125. This compares with a 3 percent gain the year before. The larger increase in after-tax income this year is resulting from a continued increase in output and employment augmented by a \$9 billion tax cut.

Domestic spending for food during the first quarter was about 4 percent more than a year earlier. An expanding population and higher retail prices explain much of the advance. In addition, with rising incomes per capita, consumers are continuing to substitute costlier foods for less expensive ones; expenditures for eating out increased sharply and per capita use of red meats continued rising. Per capita use of food products in 1964 may exceed the high level of utilization in 1963. Last year, disappearance of food products per person rose almost 1 percent from the year before. Among the nonfoods, a substantial expansion in mill use of cotton is in prospect this year due to growing markets and to more favorable prices to the domestic textile industry.

The total cost of processing and distributing farm products in 1964 is expected to rise by more than the gain in consumer spending; as a result, the farm value of agricultural commodities consumed in 1964 likely will be little changed from 1963.

Prospective Output Higher

Output of crop and livestock products in 1964 may rise some over 1963. Red meat production during the first quarter of 1964 was 7 or 8 percent above a year earlier; most of the gain was in beef. Milk production was up 1.6 percent, egg production was up around 4 percent. These output increases reflect, in part, a 91-day quarter this leap year compared with only 90 days in January-March 1963. For the year, pork production is expected to total somewhat less than in 1963. But beef production will be greater, and increases are in prospect for poultry and eggs.

Total acreage planned for crop production in 1964 continues around the comparative low of 1963, but the uptrend in yields is expected to continue. Yield per acre for 28 major crops in 1963 was 116 percent of the 1957-59 average. Though total acreage probably will be little changed, plantings to specific crops will change. Acreage to be planted to feed grains was indicated below a year earlier. Grower participation in the voluntary 1964 Feed Grain Program is higher than in 1963. Tobacco growers reported intentions to plant about 8.5 percent fewer acres this year than last. Cotton acreage will be short of the 14.8 million acres planted in 1963 if growers participate in the 1964 Cotton Program as expected. Crops for which acreage likely will be larger than a year earlier, and for which production is expected to increase, include wheat, soybeans, sugar beets, and hay.

Table 2 .--Agricultural prices, marketings and income, 1962 to date

Item	Unit	1962				1963				1964			
		Year	Year	I	II	III	IV	I	II	III	IV	I	II
Prices received by farmers													
Crops	:1910-14=100:	243	241	242	241	243	240	241	242	243	240	241	241
Livestock and products	:1910-14=100:	230	238	233	245	235	239	245	233	235	239	243	243
	:1910-14=100:	253	244	250	238	249	241	238	250	249	241	239	239
Prices paid, interest, taxes and wage rates													
Family living items	:1910-14=100:	307	312	312	311	312	311	311	312	312	311	312	312
Production items	:1910-14=100:	294	298	297	297	298	298	297	297	298	298	299	299
	:1910-14=100:	270	273	274	273	273	271	273	274	273	271	272	272
Parity ratio													
		79	77	78	77	78	77	77	78	78	77	77	77
Volume of farm marketings													
Crops	:1947-49=100:	136	140	126	108	142	184	108	126	142	184	129	129
Livestock and products	:1947-49=100:	130	134	114	61	139	220	61	114	139	220	114	114
	:1947-49=100:	142	145	135	143	144	157	143	135	144	157	141	141
Cash receipts from farm marketings ^{1/}													
Crops	: Bil. dol. :	35.9	36.2	8.2	6.9	9.2	12.0	6.9	8.2	9.2	12.0	8.2	8.2
Livestock and products	: Bil. dol. :	15.9	16.7	3.4	2.2	4.3	6.8	2.2	3.4	4.3	6.8	3.5	3.5
	: Bil. dol. :	20.0	19.5	4.7	4.7	4.9	5.2	4.7	4.7	4.9	5.2	4.7	4.7
Farmers' realized net income ^{2/}													
	: Bil. dol. :	12.6	12.3	12.7	12.0	12.2	12.3	12.0	12.7	12.2	12.3	12.0	12.0

^{1/} Seasonally adjusted annual rates are: 1963-I, \$36.4 billion; II, \$35.6 billion; III, \$36.1 billion; and IV, \$36.7 billion. 1964-I, \$36.2 billion.

^{2/} Seasonally adjusted annual rates.

U. S. Department of Agriculture.

Prices Received
Slightly Lower

Prices received by farmers so far this year were 1 percent below a year earlier and are expected to continue lower during 1964. Crop prices in 1963 were $3\frac{1}{2}$ percent above a year earlier. This year, they will average lower than 1963, possibly about the same as 1962. Under legislation for 1964 production, the loan level for wheat will be \$1.30 per bushel compared with \$1.82 for the 1963 crop; the cotton loan level will be 30 cents per pound compared with 32.47 cents a year earlier. Soybean requirements this year are running below early season expectations and growers' intentions were to increase acreage by 8 percent. Soybean prices, therefore, likely will average a little below a year earlier. The 1964 soybean support rate remains unchanged at \$2.25 per bushel. Feed grain prices in 1964 are expected to be about the same as in 1963; prices for fruits and vegetables are likely to average a little higher.

Livestock and product prices in 1963 were 4.3 percent under a year earlier and are expected to continue lower in 1964. So far this year, cattle prices have averaged below those a year earlier. Continued large marketings of fed cattle are in prospect this spring and summer. For the year as a whole, cattle prices are likely to average somewhat below 1963. Prices for hogs are above the \$13.50 per hundredweight received in December, the 1963 low. Hog numbers in 10 states on March 1 were 5 percent fewer than a year earlier; hog prices are expected to average for 1964 above those of 1963. Per capita supplies of eggs and poultry are increasing and prices for these products may be a little lower than in 1963. The support level for manufacturing milk is the same as last year and little change is expected in prices received by farmers for dairy products.

Little Change in
Gross Income Indicated

Cash receipts from farm marketings during the first quarter of this year were about equal to a year earlier. Receipts in 1964 are expected to total nearly as high as the \$36.2 billion received in 1963. Total volume of marketings is expected to expand about in line with growing markets for agricultural products. Cash receipts from livestock and product marketings are expected to be up slightly from 1963; an increased volume is expected to clear the market at average prices close to a year earlier. Most of the gain in receipts is expected to come from hogs, milk, and poultry.

Cash receipts from crop marketings are expected to total below a year earlier mirroring lower crop prices. Receipts from sales of grain sorghum and sugar beets are expected to exceed a year earlier but receipts from several other crops, including wheat, cotton, and tobacco, are likely to diminish.

Realized gross farm income, however, is expected to equal or increase some from the \$41.1 billion of 1963 due to gains in Government payments to growers cooperating in production adjustment programs. Payments will include receipts from millers and exporters for wheat certificates. The increasing rate of Government payments will help maintain income to farmers by offsetting lower average market prices.

Carryover Stocks Smaller for
Wheat, but Larger for Some
Other Crops

The total value of crops carried over at the close of the 1963-64 marketing season is expected to be a little smaller than the carryin value a year earlier. Most of the reduction is in wheat; quantities of cotton, tobacco, soybeans, and rice probably will be larger. Wheat carryover on July 1, 1964, is apt to be down 25 percent from the 1.2-billion-bushel stocks last July mostly due to increased exports. Wheat stocks totaled 1.3 billion in 1962 and 1.4 billion in 1961. Feed grain stocks likely will be up slightly from the 63.1 million-ton carryin. Soybean stocks next October 1 may be up to around 45 million bushels from the relatively low 15-million-bushel carryin; export shipments are running 4 percent higher than a year earlier, but domestic use is down. Cotton stocks are expected to gain nearly 15 percent next August 1 from the 11.2 million bales last August; domestic use and exports are rising, but yields last year exceeded a bale an acre for the first time.

Beginning stocks of all dairy products on April 1, were estimated at about 9 billion pounds (milk equivalent), down 3.8 billion pounds from a year earlier. About 3.7 billion pounds was commercial. Use of Government-held stocks in domestic and foreign programs has been rapid and commercial demand for milk products increased about 1 billion pounds, milk equivalent. Smaller holdings and reduced purchases point to fewer foreign donations of dairy products from CCC during the 1964-65 marketing year than during 1963-64.

CCC Investment Continues Near
Year-Earlier Level

Price-support inventories owned by the Commodity Credit Corporation in April were about the same as a year earlier. Prospective acquisitions and dispositions during the remainder of this fiscal year likely will result in an investment in commodities owned and under loan next June 30 of around the \$7,257 million invested a year earlier. A sizable reduction in wheat is being largely offset by buildups in cotton and tobacco. Soybean investments are expected to increase from the low level of a year earlier. Dairy stocks are well below year-earlier levels but account for only a small part of total investment. CCC holdings of feed grains likely will change little from last year.

Production Expenses
Continue Rising

Expenses by farmers for production items in 1964 probably will total $\$1\frac{1}{2}$ billion more than the \$28.8 billion expense incurred in 1963. The rise results from increased use of some production items and a continued increase in the general level of prices paid. The index of prices paid by farmers for commodities used in production has changed little so far this year from 1963; higher prices for machinery and supplies nearly offset lower prices for feeder livestock. Wages, and interest and taxes payable per acre, however, are continuing to rise. Seasonally adjusted wage rates on farms during January-March were $1\frac{1}{2}$ percent above a year earlier and 16 percent more than the 1957-59 average. In recent years, increases in wage rates have been about offset by fewer persons in the farm labor force, leading to little change in the total wage bill.

Prices paid by farmers for family living items are up so far this year about $\frac{1}{2}$ percent from a year earlier compared with a $1\frac{1}{2}$ percent rise in prices for urban families. The general level of prices paid by farmers for commodities and services, including interest, taxes, and wage rates, likely will rise a little less in 1964 than the 1.6 percent gained in 1963. However, in view of prospective moderate decreases for prices received, the parity ratio may continue to decline slightly from the 77 reported for 1963.

FACTORS AFFECTING DEMAND
FOR FARM PRODUCTS

Economic activity continued to expand in the first quarter; gross national product was at a \$608.5-billion-annual rate according to preliminary estimates. The \$8.4 billion rise from the fourth quarter compares with the \$11.4 billion gain in the closing months of 1963, but the rise was slightly larger than the average quarterly increase of the current expansion.

Most of the increase in business during the first quarter was in consumer spending, up \$8.1 billion from the quarter before and sparked by increasing demands for furniture, appliances, autos, and food. Private investment expenditures, up sharply in the fourth quarter, declined in the first quarter; small rises occurred in commercial and residential construction, but the rate of inventory accumulation declined sharply as business activity quickened. Government purchases of goods and services continued to rise, but at a slower pace than during the second half of 1963. The first quarter rise was about the same for both the Federal, and the State and local Governments.

The Federal Reserve index of industrial output grew to a new high in the first quarter, 1 percent above the fourth quarter and 6 percent above a year earlier. The rise came mostly from iron, steel, and other raw materials rather than from final products. Expanding production led to further increases in employment during the January-March period. The gain of 1.4 million employed

Table 3.--Other economic factors affecting agriculture (seasonally adjusted annual rates)

Item	Unit	1963				1964 1/			
		Year	I	II	III	IV	Year	I	II
Gross national product	Bil. dol.	585.1	571.8	579.6	588.7	600.1	608.5		
Personal income	Bil. dol.	463.0	453.9	459.9	465.2	473.0	479.1		
Disposable personal income	Bil. dol.	402.4	394.5	400.0	404.4	410.9	418.9		
Personal consumption expenditures	Bil. dol.	373.1	367.4	370.4	374.9	379.9	388.0		
Durable	Bil. dol.	51.5	50.6	51.0	50.8	53.6	55.5		
Nondurable	Bil. dol.	167.1	165.3	165.9	168.6	168.7	172.5		
Services	Bil. dol.	154.5	151.4	153.5	155.5	157.7	160.0		
Personal saving	Bil. dol.	29.3	27.1	29.6	29.5	31.0	30.9		
Net government receipts	Bil. dol.	123.3	118.8	122.3	125.0	127.0	--		
Government purchases	Bil. dol.	125.1	123.0	123.8	125.7	127.7	129.0		
Deficit or surplus (on income and product account)	Bil. dol.	-1.6	-4.2	-1.3	-.6	-.7	--		
Gross private domestic investment	Bil. dol.	82.3	77.8	80.7	83.7	87.1	85.0		
Fixed investment	Bil. dol.	77.5	72.7	76.5	79.5	81.7	82.0		
Change in business inventories	Bil. dol.	4.7	5.1	4.3	4.2	5.4	3.0		
Expenditures for plant and equipment	Bil. dol.	39.22	36.95	38.05	40.00	41.20	2/41.25		
Corporate profits (before taxes)	Bil. dol.	51.1	48.8	50.1	52.2	53.2	--		
Net exports of goods and services	Bil. dol.	4.5	3.6	4.8	4.3	5.4	6.5		
Overall foreign payments balance	Mil. dol.	-2,660	-3,532	-5,152	-900	1/-1,056	--		
Population 3/	Millions	189.4	188.4	189.0	189.8	190.5	191.1		
GNP implicit price deflator	1963=100	100.0	99.3	99.8	100.2	100.8	101.3		
Per capita disposable personal income (1963 prices)	Dollars	2,125	2,101	2,118	2,127	2,144	2,172		

1/ Preliminary. 2/ Estimates based on anticipated capital expenditures as reported by business.

3/ Population of the United States including Armed Forces abroad. Annual data as of July 1; quarterly data centered in the middle of the period.

Departments of Commerce, Agriculture and Securities and Exchange Commission.

from the first quarter of 1963 more than offset a 1.3-million-person increase in the labor force. This resulted in a decrease in the rate of unemployment to 5.5 percent from 5.8 percent of the labor force.

Income and Expenditure

Personal income rose to a \$479.1-billion-annual rate in the first quarter, up \$6.1 billion from the previous quarter and \$25.2 billion from a year earlier. Wage and salary disbursements accounted for \$4.0 billion of the rise from the fourth quarter; dividend and interest payments combined were up \$1.0 billion. In recent years, wages and salaries have ranged between 66 and 69 percent of personal income; the percentage rises in periods of expansion and falls in recessions. With the reduction in Federal income taxes signed into law February 26, reduced withholding rates gave immediate effect to the annual reduction of \$9 billion in personal taxes. Personal tax payments declined to a \$60.2-billion-rate in January-March from a \$62.1 billion annual rate in the fourth quarter.

Disposable personal income rose to a \$418.9-billion-annual rate in the first quarter, \$8 billion above the previous quarter and \$24.4 billion above a year earlier. About \$2½ billion of the quarterly gain was due to the reduced withholding of income taxes. In the April-June quarter, reduced withholdings will increase disposable personal income by about a \$6½-billion-annual rate. Personal saving declined to 7.4 percent of disposable income from 7.5 percent in the previous quarter. Apparently some consumers increased expenditures early in the quarter in anticipation of the increase in take-home pay. Retail sales spurted upward in February to a new peak but eased down 1 percent in March.

Expenditures by consumers were at a \$388 billion annual rate in the first quarter, up from \$379.9 billion in the fourth quarter and \$367.4 billion a year earlier. The \$8 billion quarterly gain included \$2.3 billion more for services, \$3.8 billion for nondurables, and \$1.9 billion for durables. Sales of automobiles continued to rise after allowance for seasonal influences and continue near an 8-million-car annual rate. Most of the push in durables in January-March apparently came from a 10 percent rise in sales of furniture and appliances from the previous quarter.

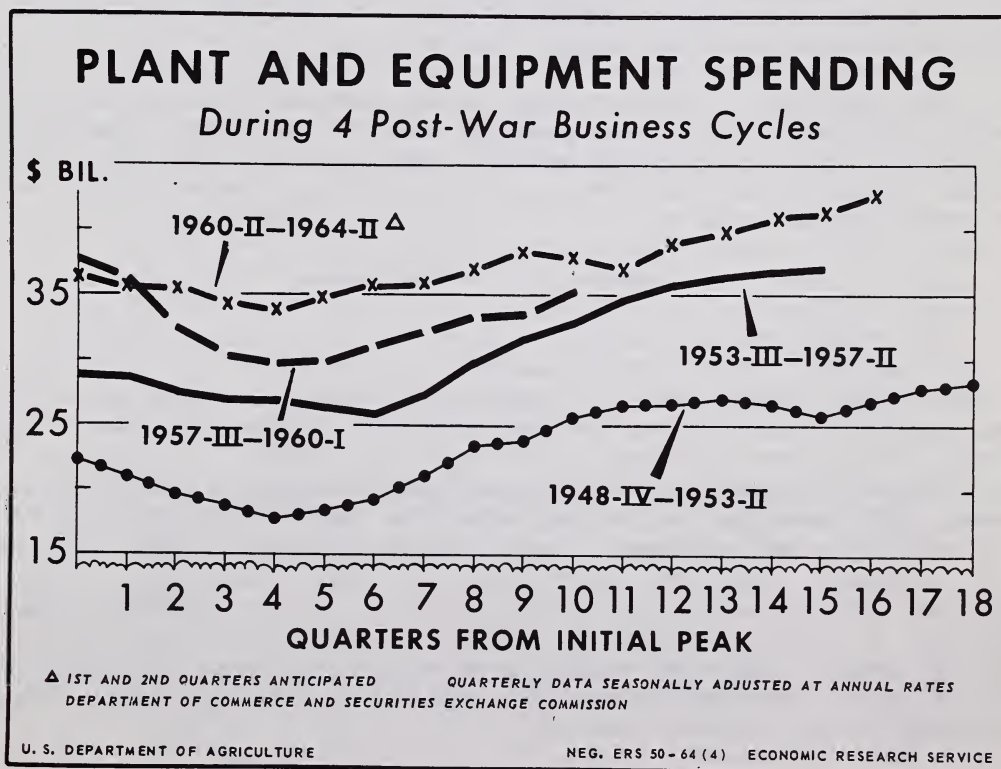
Consumer spending for nondurables jumped nearly \$4 billion to a \$172.5-billion-annual rate in the first quarter. About half of the increase from the previous quarter was in outlays for food and beverages, largely because of higher retail food prices. Food prices rose nearly 1 percent from quarter to quarter. Apparel store sales were up sharply in January-March but expenditures for tobacco products declined slightly.

Consumer installment credit outstanding continued to rise in the first quarter at nearly a \$6-billion-annual rate. As in the previous 2 years, consumer credit was used to finance about one-fourth of the increase in consumption outlays. Repayments of installment credit in February accounted for 14.0 percent of disposable income compared with 13.2 percent 2 years earlier. Allowing for the increase in disposable income due to the tax reduction, the ratio of installment credit repayments to disposable income was around 13.7 cents per dollar in March.

Private Investment

Gross private domestic investment declined to an \$85-billion-annual rate in the first quarter, \$2.1 billion below the previous quarter. The lull followed increases of \$3 billion or better for 3 consecutive quarters. Residential construction inched up in the first quarter. Housing starts were at a 1.67 million-annual rate in January-March. This was slightly above the fourth quarter and almost 20 percent above a year earlier. New housing units authorized reached 1.4 million units last October and since have fluctuated around that peak. Relatively low mortgage rates prevail in most areas, and the boom in multi-family housing continues unabated.

Outlays for producers' durable equipment were at a \$32.3 billion annual rate in the first quarter, down slightly from the previous quarter. About \$3½ billion of this total was on farms, up 13 percent from a year earlier. Private nonresidential construction rose, largely due to increased business outlays for plant and increased spending by private institutions. Businessmen plan to increase their plant and equipment outlays 10 percent during 1964, according to the January SEC-Commerce survey. All major industry groups, except mining, programmed increases in outlays from 1963. Manufacturers expected to spend 13 percent more, steel companies 26 percent, railroads 25 percent, and commercial-type businesses about 8 percent more than in 1963.



Corporate profits (after taxes) rose 10 percent in 1963 to a record \$27 billion. Further gains are expected during 1964 as productivity increases and markets continue to expand. Manufacturing and trade firms expect sales to rise 6 percent from 1963, according to the January SEC-Commerce survey. In 1963, manufacturers' sales rose 4 percent and retail sales rose 5 percent from 1962. New orders received by manufacturers declined in both February and March from a record January total.

The rate of inventory accumulation declined sharply in the first quarter as economic activity quickened. However, inventories of manufacturers, wholesalers, and retailers all appear to continue well in line with sales. Since inventory accumulation has been gradual during the current expansion, prospective increases in consumer and business purchases point to a greater accumulation of inventories in 1964 than the \$5.4 billion of 1963.

Government Demand

Government purchases of goods and services in the first quarter were \$1.3 billion above the quarter before. Federal purchases rose \$0.6 billion to a \$67.2 billion annual rate, after remaining virtually unchanged during the latter half of 1963. National defense spending rose slightly in the first quarter as increased purchases by the National Aeronautics and Space Administration (NASA) more than offset a decline in Department of Defense spending. Outlays for National defense in the recent past have accounted for about 85 percent of Federal purchases of goods and services. Federal purchases in 1964 are scheduled to rise less than in most recent years.

The uptrend in purchases of goods and services by State and local Governments continued in the first quarter. Most of the recent expansion was due to rising employment--up 79,000 persons from fourth quarter 1963. Construction spending by State and local Governments in the January-March period was unchanged from fourth quarter 1963.

Production and Employment

The Federal Reserve index of industrial production in the first quarter was 127.7 percent (1957-59=100), nearly 1 percent above the fourth quarter and 6 percent above a year earlier. Output of consumer goods was up 5 percent from a year earlier; equipment was up 5 percent; and raw material about 7 percent.

In most industries, first-quarter output was above fourth quarter 1963. However, gains were greater for raw materials than for consumer goods. Durable goods production was up almost 1 percent with increased output in the primary metal, machinery, furniture, and building materials industries. Motor vehicle output was slightly below the record production rate of the fourth quarter. Production of nondurable goods was about the same in the January-March period as in the previous quarter. Output of food and beverages, wearing apparel, and rubber products rose somewhat, but production of other textiles, chemical products, and paper products declined.

Employment in January-March averaged 69.7 million persons, 0.6 million above the fourth quarter and 1.4 million above a year earlier. Wholesale and retail trade, State and local Governments, and service enterprises each accounted for about one-fourth of the increase in employment over the first quarter of 1963. The remaining one-fourth was distributed between manufacturing, construction, finance, and transportation industries. Employment in agriculture and mining declined, and Federal Government employment was unchanged from January-March 1963.

The civilian labor force averaged 73.8 million persons in the first quarter, 0.4 million above the previous quarter and 1.3 million above a year earlier. Because the rise in employment was larger than the increase in the labor force, the rate of unemployment in January-March was reduced slightly. After allowing for seasonal factors, 5.5 percent of the labor force was unemployed in the first quarter, compared with 5.7 percent in the previous quarter and 5.8 a year earlier. Most of the decline in unemployment was among married males. The rate in this class declined to 3 percent in the first quarter of this year from 3.6 percent in January-March 1963. Unemployment of teenagers and single adults continues 2 or 3 times the rate of married men.

Prices and Interest Rates

Urban consumer prices in February were 107.6 percent of 1957-59, about 1.4 percent above a year earlier. In February, the purchasing power of the dollar, in terms of 1957-59 prices, was 93 cents. Retail food prices were up about 1 percent from mid-November and from a year earlier; prices were higher for fruits, vegetables and dairy products but lower for meats. New car prices in February were about 0.5 percent above a year earlier, but prices of used cars were up over 7 percent. Housing expenses were up about 1.5 percent over a year earlier and transportation costs almost 2 percent.

Prices paid by farmers for family living items in mid-March were 105 percent of 1957-59. The index, which measures consumer prices in rural areas, was less than 1 percent above a year earlier. Prices paid for wearing apparel were about 1 percent above a year earlier and prices of food and tobacco items were up about 0.3 percent.

Wholesale prices in the first quarter were 100.6 percent of 1957-59 average prices. This was slightly above the previous quarter and about $\frac{1}{2}$ percent above a year earlier. During 1963, the monthly wholesale price index ranged between 99.7 and 100.7. Prices of industrial materials including basic commodities have increased some during the last 6 months, but prices of farm products during the first quarter were $1\frac{1}{2}$ percent below a year earlier.

Interest Rates Higher

Interest rates have moved up somewhat in recent months due to slightly tighter conditions in the money markets. The money supply was \$155 billion during the first quarter, 1 percent above the prior quarter and $\frac{4}{5}$ percent above a year earlier. However, in March the money supply continued at about the

January level. Market yields on U. S. Treasury 3-month bills rose from 2.92 percent in February 1963 to 3.53 percent this February, but declined slightly in March. Interest rates on long-term Government bonds rose from 3.92 percent in February 1963 to 4.14 percent in February of this year and continued rising in March. Yields on common stocks declined slightly from a year earlier as stock prices rose to record highs in the first quarter. Mortgage rates, however, continue at about $5\frac{1}{2}$ percent as a result of keen competition among savings institutions for savings deposits and mortgage loans.

FOREIGN TRADE

Balance of Payments

The U. S. balance of payments improved considerably in the latter half of 1963, but the deficit for all of 1963 was \$3.3 billion, a mere \$0.3 billion below 1962. Almost all the improvement occurred in the merchandise account as merchandise exports rose \$1.4 billion from 1962, including a \$0.6 billion increase in exports of farm products. Income from private investments abroad rose \$0.2 billion, as did exports of other services.

Exports of goods and services rose about \$1.8 billion from 1962 to 1963. Imports of goods and services, during the same period, rose about \$1.2 billion yielding an increase of \$0.6 billion in the surplus on goods and services account. Government grants increased \$0.3 billion in 1963 from 1962, and the net outflow of private long-term capital increased \$0.5 billion. However, capital outflow declined substantially during the second half due to uncertainty about the interest-equalization tax.

In fourth quarter 1963, the trade surplus on goods and services account was at a \$6.5-billion-annual rate, compared with a \$5.5 billion total for the year. The overall balance of payments deficit that quarter declined to a \$2.1 billion rate in the fourth quarter compared with a deficit of \$3.3 billion for all of 1963. Early reports indicate that a further decrease in the payments deficit occurred in the first quarter of this year.

U.S. Agricultural Exports
at Record Levels

Exports of U. S. agricultural commodities, which comprise around one-fourth of merchandise exports, are reaching record levels. For the fiscal year 1963-64, agricultural exports are expected to total \$6 billion, up substantially from \$5.1 billion in 1962-63. Exports of nearly all agricultural commodities are contributing to the rise, with strong gains in wheat, cotton, and feed grains (see table 2). Other commodities making important gains include tobacco, soybeans, rice, animal fats, and butter. Much of the recent surge in U. S. exports is due to poor harvests abroad last year, particularly in Europe. With prospects for normal crops abroad this year, exports in 1964-65 may total below this year's record but still above those of other recent years.

Table 4.--U. S. Agricultural exports, value of major commodities, July-February 1962-63 and 1963-64

Commodity	July-February		Percentage change
	1962-63	1963-64	
	<u>Mil. dol.</u>	<u>Mil. dol.</u>	<u>Percent</u>
Cotton, excluding linters	318	558	75
Dairy products	84	124	48
Feed grains, excluding products	471	589	25
Fruits and preparations	194	195	1
Soybeans	293	354	21
Tobacco, unmanufactured	275	327	19
Vegetables and preparations	101	109	8
Wheat and flour	655	948	45
Other	764	832	9
Total exports	3,155	4,036	28

U. S. Department of Agriculture.

Agricultural exports totaled \$4,036 million in the first 8 months of the current fiscal year. This was 28 percent above the \$3,155 million a year earlier. In February 1963, however, exports were recovering from a month-long longshoremen's strike on the Eastern and Gulf coasts. Most of the advance in value of exports is explained by increased volume of shipments; higher average unit values of corn, soybeans and sorghums were about offset by lower unit values of wheat, cotton, and hides and skins. Most of the increase in exports was in commercial sales, although exports under Government programs increased slightly.

Exports of wheat in 1963-64 are forecast at 850 million bushels, somewhat below the 1 billion bushels estimated earlier but 18 percent above the record exports of 1961-62. The forecast of wheat exports is down because anticipated sales volume of wheat to the Soviet Union did not materialize. Sales to the Soviet Union totaled about 62 million bushels by mid-April.

A rise in exports of feed grains, particularly corn, is an important factor in the current strength in agricultural exports. From October through February, feed grain exports totaled nearly 9 million tons, one-third more than a year earlier.

U. S. cotton exports in the current crop year are expected to total at least 1.8 million bales above the 3.4 million-bale shipments a year earlier. Factors contributing to increased exports of U. S. cotton include smaller foreign production, relatively low stocks abroad, increased foreign consumption, and a new CCC export program.

Table 5.--U. S. agricultural imports for consumption, value of major commodities, July-February 1962-63 and 1963-64

Commodity	July-February		Percentage change
	1962-63	1963-64	
	<u>Mil. dol.</u>	<u>Mil. dol.</u>	<u>Percent</u>
Animals, live	95	46	-52
Dairy products	35	37	6
Meats and meat products	347	366	5
Oilseeds and products	107	104	-3
Sugar, cane	337	384	14
Tobacco, unmanufactured	64	66	3
Wool, apparel	82	65	-21
Other supplementary	380	443	17
Total supplementary	1,447	1,511	4
Coffee	644	705	9
Cocoa beans	75	80	7
Rubber, crude, natural	159	118	-26
Wool, carpet	63	79	25
Other complementary	200	217	8
Total complementary	1,141	1,199	5
Total imports	2,587	2,710	5

U. S. Department of Agriculture.

Value of Agricultural
Imports Rising

U. S. agricultural imports for consumption totaled \$2,710 million in July-February 1963-64, up 5 percent from a year earlier. Increases in commodities partially competitive with U. S. agriculture (supplementary imports) and non-competitive imports (complementary) were about in proportion (see table 3). On balance, the volume of major import commodities was about unchanged from a year earlier. Shifts to relatively more expensive items and higher import prices, particularly for sugar, cocoa, and coffee, accounted for nearly all of the increase in the value of imports.

CURRENT COMMODITY SITUATION

LIVESTOCK AND LIVESTOCK PRODUCTS

Meat Animals

Red meat production continued large in the opening months of 1964. Commercial production was up 7 or 8 percent in January-March compared with the same months a year earlier. Beef production was 10 percent or more above the first quarter of 1963 and pork production was up 4 to 5 percent. Veal production and lamb and mutton production were down from a year earlier but increases in beef and pork more than offset these declines. Total red meat production will remain large in late spring and summer. However, no sizable increases over the same months a year earlier are in prospect.

First quarter commercial cattle slaughter was about 8 percent above January-March 1963. Beef production increased in greater proportion than the gain in cattle slaughter because average slaughter weights remained heavy. This resulted, in part, from the large number of heavy-weight cattle on feed at the beginning of the year. Marketings out of feedlots were up 10 percent in the first quarter.

Cattle slaughter the remainder of this spring and summer likely will average above the same months a year earlier. The number of cattle and calves on feed on April 1 was up 1 percent from the same date a year earlier. However, the number in weight groups of 900 pounds and over was up 8 percent. The number weighing less than 700 pounds was down 7 percent from April 1, 1963.

Marketings of fed cattle in the second quarter are expected to total about 6 percent above those of a year earlier. Fed cattle marketings likely will continue large in the third quarter. Prices of fed cattle in April-June are expected to average about the same as in January-March.

Imports of beef and veal in January and February were down 11 percent from the same 2 months a year earlier. Live cattle imports were also lower than in the first 2 months of 1963.

Hog slaughter in first quarter 1964 averaged about 3 percent higher than in January-March 1963. All of the increase came in January and February. By March, hog slaughter under Federal inspection was below a year earlier. This decline resulted from the 4 percent decrease from a year earlier in the 1963 June-November pig crop.

The December-February pig crop in 10 major hog-producing States was down 5 percent from a year earlier. March-May farrowings likely will be down

7 percent. Producers in these States reported intentions to have 13 percent fewer sows farrow in June-August than were actually farrowed in these months of 1963. Hog production is expected to be lower in 1964 because of low hog prices last year. Hog slaughter is expected to average below 1963 rates for the rest of this year.

Hog prices declined during the first 4 months of last year. They have been stable thus far in 1964 and in mid-April were a little above those of a year ago. Hog prices are expected to continue above year-earlier levels during the remainder of 1964. Second and third quarter 1963 averages were \$15.30 and \$17.29 (barrows and gilts at 8 markets). Because the prospective change in prices is expected to make hog raising more profitable in coming months, growers probably will increase farrowings before the end of this year or early 1965.

Slaughter of sheep and lambs in January-March was down about 6 percent from a year earlier. Most of the decline resulted from fewer sheep and lambs on feed. On January 1 the number on feed in the 7 major feeding States was down 14 percent from a year earlier. Placements on feed during January and February were 6 percent larger than in these months last year and marketings were down 15 percent. On March 1, the number of sheep and lambs on feed in these States was 7 percent below a year earlier. Slaughter during May and June will probably continue below a year earlier. Slaughter lamb prices have been higher than a year earlier at most markets since mid-February. They likely will continue higher into the summer months.

Dairy Products

First quarter 1964 milk production rose 1.6 percent from a year earlier, but the extra day in February accounted for about two-thirds of the gain. A milder winter compared with 1963, and increased feeding of grain and concentrates also contributed to the larger production. Increases were largest in the North Central and Southern States. Gains in late spring and summer will depend largely on whether pasture conditions are better than last year. Continuation of the slightly higher rate of daily production achieved in the first quarter would increase output in 1964 about a billion pounds above the 1963 production total of 124.8 billion pounds.

Farmers received higher prices for milk sold wholesale during the first quarter 1964 than a year earlier. Price for milk eligible for fluid use was 10 cents higher per 100 pounds; price of milk of manufacturing grade was 5 cents higher. Average prices for the year are expected to be slightly above those of 1963.

Dairy support prices were continued at 75 percent of parity for the marketing year that began April 1, 1964. For manufacturing milk the support price of \$3.15 per 100 pound is 1 cent above a year earlier. Second quarter prices for milk eligible for fluid use can be expected to be lower than those in the first quarter as supplies of milk increase seasonally. Prices for manufacturing grade milk in the second quarter also are expected to decline seasonally, primarily because of a seasonal decline in milkfat content, but will remain about year-earlier levels.

With prospects for slight increases in both marketings and prices, cash receipts from milk and cream in 1964 are likely to be a little larger than the \$4,848 million of 1963. Cash receipts in 1963 were about the same as in 1962, with higher prices about offsetting a decline in volume marketed.

The Commodity Credit Corporation took delivery of, or through the payment-in-kind (PIK) program aided in the export of 293 million pounds of butter, 122 million pounds of cheese, and 1,174 million pounds of nonfat dry milk in the marketing year ended March 31. This totaled 7.5 billion pounds of milk equivalent compared with 8.8 billion in 1962-63. Purchases (delivery basis) and PIK exports combined were 6.1 percent of the milkfat and 10.8 percent of the milk solids-not-fat produced in the United States. Deliveries of butter and nonfat dry milk in first quarter 1964 were below those of the same period in 1963, although cheese deliveries were higher. For the marketing year 1964-65, total CCC purchases on a milk equivalent basis again may show a reduction from the previous marketing year.

Output of American cheese gained 13 percent in first quarter 1964 compared with a year earlier, while butter production remained about the same. Since the demand for cheese is increasing while that for butter continues to fall, cheese output for all 1964 is expected to continue high relative to output of butter.

Poultry and Eggs

Egg production in first quarter 1964 was 4 percent higher than a year earlier as a result of a sharp rise in eggs produced per layer and the extra day in February. Layer numbers were virtually unchanged. March egg production was up 2 percent from 1963. Production is expected to continue above year-earlier levels through mid-1965. A larger national laying flock and a higher rate of lay are in prospect.

Higher egg production in early 1964 led to lower egg prices. U. S. producers in January-March received 35.6 cents per dozen for eggs compared with 36.7 cents in the same period last year. The March price, at 34.1 cents per dozen, was down 2.3 cents from March 1963. Following a seasonal low, usually occurring in May or June, egg prices will rise but may continue lower than in 1963 for the rest of the year.

It now appears likely that egg producers will raise more flock replacement chicks this year than last. The first quarter hatch of egg-type chicks was up 2 percent from last year and eggs in incubators on April 1 were up 1 percent. This is occurring even though egg-feed price relationships since last September have been generally less favorable to producers than a year earlier. The apparent paradox arises from 2 developments: (1) Egg prices in 1963 were high enough to encourage a further increase in large commercial egg operations, and (2) small farm flock owners, who tend to reduce output in response to year-to-year declines in winter and spring egg-feed price ratios, now account for only a small fraction of the Nation's egg production.

The rising trend in poultry feed prices has petered out, and prices are now near year-earlier levels--after running substantially higher in the 1962-63 feeding year. They are expected to continue at or slightly below the 1963 level through summer.

Broiler slaughter (liveweight) in January-March 1964 exceeded output in the same months of 1963 by about 7 percent. Broiler chicks already hatched point to 3 percent larger second quarter supplies. Greater output in the face of a 9-month period of lower broiler prices and higher feed prices results largely from a buildup in the number of chickens producing broiler hatching eggs in late 1963 and early 1964. The U. S. farm broiler price averaged 14.1 cents per pound in August 1963-March 1964--down 1.1 cents from the same period a year earlier.

The March price was 14.4 cents per pound compared with 14.2 cents in February and 15.6 cents in March 1963. In mid-April, broilers in major southern production areas were quoted at mostly 13 cents per pound, $\frac{1}{2}$ cent lower than in mid-March and 2 cents lower than in mid-April 1963.

A temporary cutback in broiler production appears to be underway, following a 9-month period of lower broiler prices and higher feed costs. Broiler hatchery activity in 22 States averaged 3 percent under the same period in 1963 between March 21 and April 11. This means that around mid-year broiler marketings will probably dip below the 1963 level. First quarter production was up 7 percent from 1963 and about 3 percent more chicks have been hatched for second quarter production.

However, the reduction in broiler production may be short-lived. Pullet chicks placed in broiler hatchery supply flocks ran 13 percent above a year earlier in December-March. If this trend continues over the next 3 or 4 months, a large expansion in broiler production would probably occur in early 1965.

Turkey production in 1964 may increase by more than the 2 to 4 percent expected earlier. Significantly more poults per 100 eggs set have been hatched this year than last, and this is more than offsetting a smaller number of turkey breeder hens. Some 9 percent more poults were hatched in January-March than in the first quarter of 1963. And although eggs in incubators on April 1 were down 2 percent from a year earlier, the April hatch could be higher if the improvement in hatchability continues. If the turkey crop in 1964 is up more than 5 percent from 1963, producers would probably receive a lower average price than last year's 22.3 cents per pound. Cold storage holdings on April 1 totaled 149 million pounds, 4 million pounds less than on the same 1963 date.

Wool

The outlook for the U. S. wool industry in 1964 is for a further decline in sheep numbers, less wool production, moderately lower mill consumption of apparel and carpet wool, a decline in imports of raw wool, and a continued increase in the imports of apparel wool textile products. Domestic wool prices,

however, are expected to remain near the relatively higher levels of the last 2 years due to favorable supply-demand conditions prevailing in the world markets.

U. S. shorn wool production will continue to decline in 1964 due to further reduction in sheep numbers. On January 1, 1964, the number of sheep and lambs, including stock and those on feed, totaled 28.1 million, 6 percent less than a year earlier. Shorn wool production during 1963 amounted to 238 million pounds, grease basis, compared with 249 million in 1962 and the recent high of 265 million in 1960. Shorn and pulled wool output in 1963 totaled 129 million pounds, clean basis, 4 percent less than 1962.

The average price received by wool growers for shorn wool during the 1964 marketing year begun January 1 can be expected to average near the 48.5 cents received in 1963. The 1963 average price resulted in an incentive payment of \$27.80 for every \$100 of wool marketed. This payment is being made beginning in April 1964 for wool sold during April-December 1963. The March 1964 average price of 52.5 cents was the highest since August 1957 and the thirty-second consecutive month that the price was above the same month a year earlier. The incentive level for the 1964 marketing year is 62 cents a pound, grease basis.

Mill consumption of raw wool in 1964 likely will total less than the 412 million pounds, scoured basis, used in 1963. Both apparel and carpet wool use are expected to be less as mill orders are lagging behind a year earlier. Apparel wool mill use in 1964 probably will total 230-235 million pounds compared with 251 million in 1963. Carpet wool mill use likely will total 140-150 million pounds in 1964 compared with 161 million in 1963. Total fiber use on the woolen and worsted systems is not expected to decline as much as that of raw wool. The proportional use of the lower priced man-made and reused and reprocessed wool fibers are increasing.

Imports of dutiable and duty-free raw wool are expected to be less in 1964 than a year earlier due to the anticipated lower mill use. However, imports of apparel wool textile products can be expected to increase moderately above the record high level of 1963. During 1963, the raw wool equivalent of apparel wool textile products amounted to 72.7 million pounds, excluding the fabric entering through the Virgin Islands. This compares with 65.4 million pounds in 1962. Noil and waste imports totaled 58 million pounds, 7 million more than in 1962. Carpet and rug imports in 1963 totaled 22 million pounds, 7.5 million less than a year earlier. These lower imports likely resulted from an increase in the tariff rates in June 1962.

World production and consumption of wool are near record high levels. In the last 3 years consumption has been greater than production, as a result, commercial stocks are relatively low. This short-supply firm-price situation is likely to prevail the remainder of the 1964 marketing year.

The firm demand has resulted in substantial increases in raw wool prices during the 1963-64 marketing season. In November 1963, carpet wool prices reached their highest point since the Korean War, while in late March 1964,

prices of medium and fine grades of apparel wool were at their highest levels since 1957. Although production and consumption of wool have been increasing, wool use has not kept pace with the man-made fibers. Higher wool prices likely have led to increased blending and substitution of man-made fibers.

CROPS

Wheat

The new wheat bill provides a voluntary program applicable to the 1964 and 1965 crops. To participate completely in the program, a producer would need only to comply with his 1964 acreage allotment and add to his conservation acres an acreage equal to 11.11 percent of his 1964 allotment. This percentage represents about the difference between the 1963 and 1964 allotments on a national basis and is already incorporated in the 1964 allotments. Such participant will be eligible for: (1) An acreage diversion payment to be made for the land put into soil conserving uses; (2) a price support loan level of \$1.30 per bushel on all wheat produced on his allotted acres and (3) domestic marketing certificates issued on 45 percent of normal production on his allotted acres, valued at 70 cents per bushel, and export certificates issued on 45 percent of normal production and valued at 25 cents. The producer can also divert additional acreage up to 20 percent of the 1964 allotment. If a producer complies with his allotment, but does not divert the required acreage to a soil-conserving use, he is eligible for price support but not for marketing certificates.

Winter wheat production was estimated at 1,011 million bushels on April 1. This estimate does not reflect reductions that may result from grower participation in the newly enacted program. The sign-up, indicating producers plans, is to take place from May 1 to May 15. Assuming a spring wheat production of 262 million, along with the April 1 winter wheat estimate, 1964 production may total 1,273 million bushels. Adding this estimate of production to the anticipated July 1, 1964, carryover of 890 million bushels, and allowing for imports of about 5 million, would bring the total supply of wheat in 1964-65 to about 2,168 million bushels. This would be substantially below any year since 1957-58 and is due primarily to a 25 percent reduction in carryover stocks following a record export year. Domestic disappearance in 1964-65 may be slightly above the level of recent years due to some increase in the use of wheat for feed. Total domestic use of wheat for food, feed, and seed may be about 620 million bushels. Exports will be well below the record level of 1963-64, but should be in line with the high level of recent years. Exports are currently assumed at about 700 million bushels in 1964-65. With total disappearance of 1,320 million bushels, carryover stocks on July 1, 1965 may be further reduced from those estimated for July 1, 1964.

The new wheat program is voluntary, with no restrictions on sales of 1964-crop wheat. A farmer, whether he agrees to participate in the program or not, is free to sell his entire production to anyone and at any time and at such prices as he can get. A participating producer, however, will have the price guarantee of the support program on the entire production from his allotted acreage. The negotiable marketing certificates that he will receive

for participating in the program would not be a market factor since they will not accompany wheat through the marketing system. It is most likely that farmers will cash these certificates at their county USDA offices and that processors of wheat and exporters will buy certificates from the Department of Agriculture at such time as they may need them to comply with the provisions of the program. Thus, it is quite reasonable to assume that prices will be somewhere in the general area of the new price support loan rate and as a result would be considerably below the \$1.87 per bushel estimated season average price for 1963-64. The program is expected to increase the income from the 1964 crop by about \$450 million from what it otherwise would have been.

Wheat and flour exports during the current year, 1963-64, continue to run at a record rate. During the first 9 months, they totaled about 640 million bushels, 200 million above the same period a year earlier. Prices of most classes of wheat declined sharply in early and mid-March. Soft wheat prices declined about 25 cents per bushel to just slightly above \$2.00 while hard wheats dropped around 15 cents to \$2.10 per bushel. Since then, however, prices have recovered at most markets with hard wheat regaining all of its lost ground. In mid-April, the hard wheats were at their highs of the season--about \$2.25 per bushel--while western soft white wheat, at \$2.22, was only slightly below its seasonal high. Eastern soft wheats in mid-April, at \$2.15, were still 15 cents or more below their seasonal high.

Feed Grains

Feed grain prices averaged a little higher during October-March, the first half of the 1963-64 feeding year, than in the same period of 1962-63. Some weakness has developed in the demand for feeds, however, especially high-proteins--due largely to lower livestock prices, generally less favorable livestock-feed price ratios and an overall reduction in grain consuming livestock. Feed grain prices have advanced seasonally since last fall though the increase was somewhat less than a year earlier; but in March, prices were still 3 percent higher than a year earlier. The larger "free" supply of feed grains this spring and the lower 1963 loan rates will continue to limit price advances during the remainder of the 1963-64 marketing year. Prices probably will average a little lower this summer than in the same period of 1963. Prices of high-protein feeds are expected to be comparatively stable in the latter half of the marketing year and may average about the same as in that period of 1963.

If farmers carry out their March 1 plans, they will plant about 127 million acres of feed grains in 1964. This would be 3 percent less than actual plantings last year. Except for the 125 million acres planted in 1962, this would be the smallest acreage in more than 60 years. Smaller acreages are in prospect for each of the 4 feed grains; corn acreage down 2 percent; sorghums less than 1 percent; oats 4 percent; and barley 7 percent.

Farmers reported their planting intentions during the signup period (February 10 to March 27) for the 1964 Feed Grain Program. The acreage signed for diversion increased sharply this year. Farmers intend to divert 34.3 million acres--8.6 million more than the 25.7 million acres signed up in the spring of 1963. This marked increase in acreage to be diverted indicates that some farmers may have made their decisions to participate in the program after March 1.

Another factor which may affect the acreage planted to feed grains was the April 11 announcement of the new Wheat Program for 1964, which requires participants to divert wheat acreage to a conserving use. Under the previous legislation, compliers could, in 1964, plant other crops on acreage diverted from wheat. Because of these changes, actual acreage planted may be reduced from that indicated on the basis of March 1 intentions.

Based on farmers' March 1 intentions, the 1964 feed grain acreage would be about 24 million acres below the 1959-60 level--the base period for the Feed Grain Program. During the first 3 years of the Feed Grain Program, 1961-63, feed grain acreage ranged from about 125 to 130 million acres. Production was below the 1959-60 level in 1961 and 1962, but in 1963 rising yields and a higher acreage resulted in a crop of close to 156 million tons, 3 million tons above the base period.

If yields in 1964 continue their upward trend, production on the March 1 intended acreage would total 155 million tons, slightly below last year. A crop of this size, together with the prospective carryover of around 64 million tons, would give a total feed grain supply of close to 220 million tons, about the same as in 1963-64. This, however, does not take into account changes in farmers' intentions that may have occurred since March 1. The size of the crop will be influenced by the final acreage plans of farmers and by weather during the planting and growing season. The first official estimate of actual acreage and production of feed grains will be released July 10.

Feed grain exports totaled 8.9 million tons during October-February, a third larger than in the same period of 1962-63. Feed grain exports may decline a little from the high level of this past winter in the second half of this marketing year; but total exports for 1963-64 are expected to reach a record high of around 18 million tons. Heavier exports of corn this year are expected to more than offset smaller exports of oats and barley.

Price support activity and CCC sales of feed grains have been considerably lower so far in 1963-64 than a year earlier. Through March, farmers had placed 15.8 million tons of feed grains under price support, 5.9 million less than a year earlier. CCC feed grain sales have been much smaller than in 1962-63. Through April 17, combined sales of corn and sorghum grain against the 1963 certificate pool totaled only 81 million bushels, a sharp drop from the 609 million bushels sold in the same period of 1962-63.

Oilseeds, Fats and Oils

Soybean prices are usually lowest during the harvest season but prices this marketing year (starting last October 1) reached their peak during harvest. Monthly average prices of No. 1 yellow soybeans, Illinois country shipping points, have generally declined from \$2.72 per bushel in November 1963 to \$2.55 in April 1964, averaging \$2.66 per bushel for the entire period compared with \$2.50 a year earlier. The higher prices resulted partly from a holding action as farmers keep beans off the market in anticipation of prices high enough

to more than offset added storage costs. Soybean stocks on farms April 1, 1964, totaled a record 190 million bushels, 41 percent above last year, and represent about 27 percent of the 1963 crop.

Soybean prices (Illinois points) during May-September 1964 are likely to decline from the April 1964 level of \$2.55 per bushel and probably will average below the \$2.57 level a year earlier. Record soybean supplies will be available during May-September 1964. This is a sharp contrast to the relatively tight supply situation a year earlier. Total requirements also may be less this year than last. Farmers continue to hold soybeans rather tightly and have until July 31, 1964, to decide whether to redeem their loans or deliver to CCC the 67 million bushels still under price supports. The trade will need to buy some of these soybeans in order to meet demands for crushing and exports. Soybean carryover next October 1 may total around 45 million bushels compared to 15 million on the same date in 1963 and 58 million in 1962.

Soybean exports in 1963-64 are currently running ahead of last year and may total around 190 million bushels, up 10 million from a year ago. But domestic crushings are down 10 percent and may be off 35 million bushels or more from the 475 million crushed in 1962-63.

Important factors restricting current year soybean crushings include: (1) Soybean prices are high in comparison with the combined returns from soybean oil and meal; (2) supply of edible vegetable oils is record high; and (3) domestic disappearance of soybean meal has declined significantly because of less favorable feeding ratios, reduced rate of high-protein feeding per animal, and a relatively mild winter that reduced the need for supplemental protein feeds.

The total supply of edible vegetable oils during October-September 1963-64 is placed at 8.2 billion pounds, nearly 3 percent more than the year before. Domestic use is estimated at 5.2 billion pounds and exports at 1.7 billion, leaving estimated carryover stocks of 1.3 billion pounds on October 1, 1964. This is slightly below the 1.4 billion pounds the year before, but is sharply above the 1955-60 average of 0.5 billion pounds.

Domestic disappearance of edible oils rises annually about in line with the population increase since per capita consumption of food fats and oils is relatively steady. However, production of edible oils (primarily determined by meal demand) has increased faster than domestic requirements. So the quantity of these oils available for export has increased sharply in recent years. The Food-for-Peace Program (P. L. 480) has removed an increasingly greater volume of the surplus oils but has not kept pace with availabilities. A cut-back in soybean crushings this marketing year and lower edible oil prices are factors that tend to reduce the oil surplus. Nevertheless, edible oil supplies this spring and summer will continue unusually high.

CCC started acquiring 1963-crop cottonseed oil in February under the price support program and so far has taken 37 million pounds; additional purchases are likely. This action strengthened the cottonseed oil market and provided some stability to the soybean oil market.

On April 10, USDA announced that the 1964 national average price support rate for soybeans will remain at \$2.25 per bushel; for cottonseed, \$44.00 per ton, basis grade 100; and for peanuts at \$224.00 per ton. These support rates are unchanged from the 1963 levels.

Fruit

Continued strong consumer demand for fresh and processed fruit is in prospect for this spring and summer. However, grower prices for fresh fruit for the rest of this spring probably will average somewhat below the unusually high levels a year ago, when supplies were lighter. Supplies of most processed fruits continue smaller, and retail prices, generally higher, than a year earlier.

Prospective supplies of peaches from the Southern States, usually marketed in greatest volume during June, July, and early August, are down sharply from last year because of a severe early spring freeze. But in California, a heavy shipper of early as well as late peaches, little or no damage occurred from spring frosts. Most other California deciduous fruit crops show little, if any, winter damage, although cold weather delayed bud development. In most other States, deciduous fruit crops still face the hazards of spring frosts and other conditions affecting production.

The early spring strawberry crop (grown in Louisiana, Alabama, and Texas) is almost twice the 1963 crop and moderately above average. Louisiana, with 88 percent of the 3-State total, accounts for all of the increase. Harvest in these 3 States continues into May. Acreage for mid-spring harvest is down 10 percent from last year. This includes California, the leading strawberry State. Cool weather delayed this State's crop.

In early April, Florida citrus groves were in excellent condition. Bloom and new growth have been abundant and the set of the new crop (1964-65) appeared heavy. Texas citrus showed optimum regrowth, bloom was heavy, and trees have a good set of fruit.

The 1963-64 Florida Valencia orange crop, now being harvested, is about 28 percent larger than the reduced 1962-63 crop but is still 9 percent below average. Harvest of the reduced Florida grapefruit crop was well advanced by mid-April. Harvest of both Florida oranges and grapefruit will be substantially completed by early June. But supplies of California grapefruit will continue to be available into summer, of oranges and lemons into fall. In early April, shipping-point prices for Florida oranges averaged somewhat lower than the unusually high prices a year earlier, but those for grapefruit averaged somewhat higher. Shipping-point prices for California oranges and lemons averaged lower.

Total output of frozen orange concentrate is expected to be somewhat larger in 1963-64 than the relatively small volume in 1962-63, mainly because of the heavier Florida Valencia orange crop. However, output of canned single-strength citrus juices is expected to be down from last season, when canning

was intensified to help salvage frosted fruit. In early April, packers' stocks of principal Florida citrus juices were substantially smaller than a year earlier. Continued high retail prices are in prospect.

Cold storage stocks of fresh apples on April 1 were substantially larger than a year earlier, despite unusually heavy shipments during winter. Prices have increased considerably since early winter at Washington shipping points. In mid-April, however, prices for most varieties and styles of pack continued somewhat under a year earlier.

Commercial Vegetables

Fresh: Supplies of fresh vegetables this spring are likely to be moderately smaller than a year ago, but a little larger than the recent 5-year average. Aggregate output of 19 vegetables, which typically provide nearly three-fourths of total spring vegetables, is expected to be 7 percent smaller than last spring. Early spring broccoli, cabbage, sweet corn, and lettuce are responsible for most of the reduction. Slightly to moderately smaller supplies are in prospect for early spring cauliflower and tomatoes, spring season beans, eggplant, and green peppers. Supplies of spring carrots and early-spring snap beans and cucumbers are expected to be substantially above last year; slight to moderate increases are indicated for early spring onions and for spring celery.

Growing conditions have been favorable so far in areas which provide the bulk of early spring supplies; marketings are increasing seasonally. But, with overall supplies smaller than a year ago, prices into early June may average above the relatively low levels of a year earlier. Although production estimates are not yet available, acreages smaller than a year ago are indicated for mid-spring snap beans and spring lima beans. Slightly larger acreages are expected for late spring asparagus and cabbage; late spring onion acreage is materially larger. Late spring watermelon acreage is down moderately from last year, but plantings of spring cantaloups are up sharply.

Processed: Remaining supplies of canned vegetables for marketing into mid-1964 appear to be moderately smaller than a year ago, but sharply above the 1958-62 average. Tomatoes and tomato products account for a major share of the decline from last season; stocks of canned lima beans, pumpkin and squash, and sauerkraut also are smaller. Supplies of green peas, carrots, and spinach are moderately larger than a year ago, and those of snap beans, sweet corn, cucumber pickles, asparagus and beets probably are record-large. Prices for tomatoes, tomato juice, and snap beans continue above year-earlier levels. But markets for kraut, lima beans, and several tomato concentrates weakened in early spring; prices in April were only a little above the low levels of a year ago. Catsup, beet and sweet corn prices remain very low, reflecting excessive supplies.

Total stocks of frozen vegetables, excluding potato products, are slightly smaller than a year ago. Holdings of broccoli, cauliflower, mixed vegetables, spinach, and mixed peas and carrots are larger than last year; supplies of most other major frozen items are down slightly to moderately.

Storage holdings of frozen potato products are slightly larger than a year ago. Because of heavy supplies, prices for nearly all major frozen vegetables continue near the low levels of last season. For both canned and frozen vegetables, little price change is likely until new pack prospects become more apparent in late summer.

Early reports indicate that canners plan 6 percent more acres of tomatoes and snap beans this year than in 1963. But for other major crops, canners intend acreage reductions of 13 percent for sweet corn, 17 percent for beets, 3 percent for green peas, and 2 percent for limas. Contract acreage of cabbage for kraut may be about the same as in 1963. Freezers have indicated intentions to plant or contract moderately more acres of all important vegetables for freezing. If yields are near the average of recent years, total tonnage of these processing vegetables would be slightly larger than a year ago. Because of smaller carryover stocks, however, aggregate supplies of canned vegetables during the 1964-65 marketing season would be about the same as those available this season. Frozen vegetable supplies would be a little smaller.

Potatoes

Supplies of potatoes this spring are expected to be substantially smaller than the very heavy supplies of a year earlier. Remaining storage holdings of 1963 fall-crop potatoes are probably at least moderately below year-ago levels. Early spring production, at 4.4 million hundredweight, is about 15 percent smaller than the record high last year. Acreage is down 4 percent from 1963 and expected yields are lower. Partly in response to several years of relatively low prices, growers of potatoes for late spring harvest reduced acreage 14 percent below last year. With average yields, production would be down sharply. Because of smaller supplies, prices are likely to average materially above the low levels of last spring. Intentions reports indicate that growers plan to plant 3 percent fewer acres of potatoes for summer and fall harvest than last year.

Dry Beans

Remaining supplies of dry edible beans appear to be about the same as a year ago, with stocks of lima and white classes of beans up slightly, those of colored beans about unchanged, and those of blackeye beans, garden seeds and others substantially smaller. Among the more important classes, remaining holdings of pinto, Great Northern, and baby lima beans appear to be substantially larger than in 1963, and pea bean stocks are up slightly. But supplies of all other classes are smaller. Prices to growers for beans have averaged moderately higher than a year earlier, with a strong foreign demand stimulating markets. Exports so far this season were sharply above those of a year ago. During the remaining months of the current season, overseas movement of beans may be materially smaller than the large volume of a year earlier.

According to the March intentions report, growers plan 3 percent more acreage of dry beans in 1964 than in 1963; output likely will be slightly smaller than the record last year. The national average support price for 1964-crop dry beans is \$6.32 per hundredweight, the same as for 1963-crop beans.

Cotton

On April 11 new cotton legislation was signed into law. The legislation is effective for the 1964 and 1965 crops of upland cotton. The basic price support for the 1964 crop of upland cotton is 30 cents per pound for Middling 1-inch at average location. This compares with 32.47 cents for the 1963 crop. Additional price support for the 1964 crop, 3.5 cents per pound above the basic support level, is available for growers who participate in the voluntary domestic allotment program.

The domestic allotment is based on the acreage required to produce the cotton needed for domestic consumption. This acreage represents about two-thirds of the 16-million acre national acreage allotment already announced for the 1964 crop. Farms with regular farm acreage allotments of 15 acres or less are not required to reduce their acreage to qualify for the additional price support payment. Export acreage of 5 percent, in addition to the regular farm acreage allotment, is authorized for the 1964 crop. Production from such acreage must be exported without benefit of Government export payment.

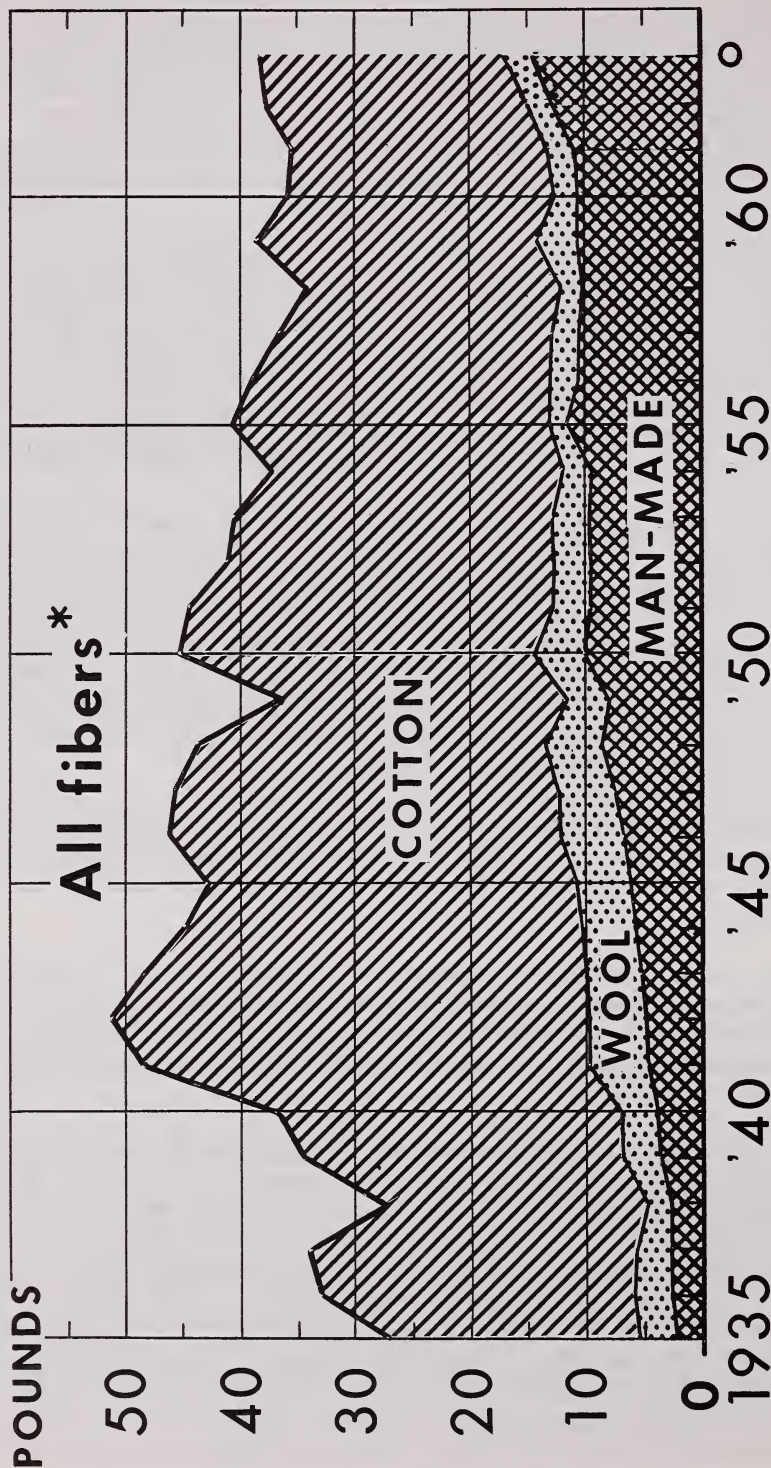
Government payments-in-kind are provided to domestic users of upland cotton (textile mills and others) to eliminate differences in the cost of raw cotton between domestic and foreign users for the interim period ending July 1, 1964. Beginning with the date of enactment of the statute, the rate became 6.5 cents per pound as determined by the Secretary of Agriculture. Beginning August 1, 1964, the payment will be the same as the export payment rate. The point in the trade channel where payment-in-kind certificates will be issued after August 1 has not been determined. However, under the new law, certificates may not be issued to cotton producers.

March 1 intentions indicated little change from 1963's 14.8 million acres. However, acreage planted for 1964, with the April 11 legislation in effect, is likely to total below plantings in 1963 because of participation in the domestic allotment program.

Because of an improved competitive price position of cotton in the domestic market resulting from the new legislation, cotton consumption is expected to pick up during the last quarter of the season (May-July 1964), and total consumption may exceed the 8.6 million bales previously estimated for the marketing year.

For calendar 1963, cotton consumption in the United States declined over 3 percent from a year earlier and was the lowest since 1958. Man-made fiber consumption was up 16 percent in 1963. Record highs were made in 1963 for both cellulosic and non-cellulosic fibers which increased 14 percent and 17 percent, respectively. Cotton's share of total fiber consumption fell to a record low of less than 56 percent in 1963; man-made fibers' share was a record 38 percent. Factors contributing to the decline in cotton consumption during 1963 included: (1) A sharp increase in use of man-made fibers; (2) continued large imports of cotton textiles; (3) low textile exports; and (4) industry uncertainty about new cotton legislation.

MILL CONSUMPTION OF FIBERS, PER CAPITA



CALENDAR YEAR CONSUMPTION.

○ 1963 PRELIMINARY.

* DOES NOT INCLUDE FLAX AND SILK.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 953-64 (3)

ECONOMIC RESEARCH SERVICE

Tobacco

In 1963, U. S. smokers consumed a record 524 billion cigarettes--3 percent more than in 1962. This compares with an increase of only a little more than 1 percent a year earlier. Cigarette consumption per capita (18 years and over) rose 2 percent above 1962 and 1961--2 years of virtually no change. Of total output in 1963, filter tip cigarettes comprised nearly 58 percent and nonfilter tips about 42 percent; in 1962, the split was filter tips 54½ percent and nonfilter tips 45½ percent.

The 1963 consumption of cigars and cigarillos by U. S. smokers totaled nearly 7.3 billion--around 3 percent above the nearly static level of the 3 preceding years and highest since 1923; consumption of smoking tobacco was a little under that of 1962. The 1963 output of chewing tobacco was up slightly from the previous year, but that of snuff declined 4 percent to a long-time low.

On January 11, 1964, the report of the Advisory Committee to the Surgeon General on smoking and health was released. In January-February, taxable removals of cigarettes--reported by the Internal Revenue Service and a measure of manufacturers' shipments to domestic outlets--dropped 14 percent from the same months in 1963. Compared with January-February 1963, taxable removals of cigars rose 30 percent and smoking tobacco 38 percent. Taxable removals of small cigars (cigarette size) were about 6 times those of a year earlier. Data for several additional months will be necessary before a reliable appraisal can be made of the report's impact on tobacco consumption.

Exports of unmanufactured tobacco in 1963 totaled about 570 million pounds (farm-sales weight)--8 percent above 1962 and highest since 1956. The better quality of flue-cured tobacco (the principal export class) available from the 1963 crop, compared with the 1962 crop, contributed to the increase in exports. For the year ending June 30, 1964, exports of flue-cured tobacco will likely be up about 9 percent from 1962-63 and total exports of unmanufactured tobacco probably will be close to the calendar 1963 figure.

Government price support levels for 1964 tobaccos eligible for price support are 1 percent higher than for 1963. The increase results from the rise in the parity index--based on the comparison of its average for the 3 most recent years (1961-63) with 1959, as specified by law. The parity index measures changes in prices of commodities and services commonly bought by farm families.

Based on prospective acreages and average yields (with an allowance for trend), the 1964 crops of flue-cured and burley--the 2 large-volume cigarette tobaccos--are expected to be smaller than in 1963. The 1964 acreage allotments of the 2 kinds were reduced 10 percent below 1963. However, because of anticipated larger carryovers at the end of the current marketing year, the total 1964-65 supply of flue-cured may be near that of 1963-64 (second largest on record), while the 1964-65 total supply of burley may be a record high. The record-large 1963 burley crop brought an average price of a little over 59 cents a pound--1 percent above 1962 but otherwise lowest since 1955. About 27 percent of marketings of 1963-crop burley went under Government loan, contrasted with about 9½ percent in 1962 and only about 1 to 3 percent in 1956-61.

Auction sales for 1963-crop type 22 Kentucky-Tennessee fire-cured tobacco were completed April 3, 1964. The season average price, at 36.0 cents, was 6 percent below the previous year. Auction markets for the 1963 Maryland crop opened April 28, 1964. The 1963 crop, reduced by drought, has been estimated at about a third below 1962; but because of a sharp increase in carryover, the total supply for 1963-64 is only about $3\frac{1}{2}$ percent less than the previous marketing year.

Based on 1964 prospective acreages and average yields (with an allowance for trend), this year's production of fire-cured and the dark air-cured and sun-cured tobaccos would be moderately smaller than in 1963. The 1964 intended acreage of Pennsylvania filler is 4 percent below last year's harvested acreage, but is 2 percent higher for Ohio filler. The 1964 intended acreages of cigar binder and wrapper are up 4 and 2 percent, respectively, from those harvested in 1963.

Arrivals of foreign cigar tobaccos (principally for cigar filler) from sources other than Cuba increased during 1963. Main sources included the Philippine Republic, Colombia, Dominican Republic, and Brazil. Stocks of Cuban tobacco in the United States continue to diminish gradually.

* * *

Table 6.--- Economic factors affecting Agriculture, 1929, 1941, 1947 and 1950-63

Item	Unit or base	1929	1941	1947	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Gross national product, total <u>1/</u>	Bil. dol.	104.4	125.8	234.3	284.6	329.0	347.0	365.4	363.1	397.5	419.2	442.8	444.5	482.7	502.6	518.2	554.9	585.1
Personal consumption expenditures:																		
Durable	Bil. dol.	79.0	81.9	165.4	195.0	209.8	219.8	232.6	238.0	256.9	269.9	285.2	293.2	313.5	328.2	336.8	375.4	373.1
Nondurable	Bil. dol.	9.2	9.7	20.6	30.4	29.5	29.1	32.9	32.4	39.6	38.5	40.4	37.3	43.6	44.9	43.6	48.2	51.5
Services	Bil. dol.	37.7	43.2	93.4	99.8	110.1	115.1	118.0	119.3	124.8	131.4	137.7	141.6	147.1	151.8	155.1	161.4	167.1
Gross private domestic investment:	Bil. dol.	32.1	29.0	51.4	64.9	70.2	75.6	81.8	86.3	92.5	100.0	107.1	114.3	122.8	131.5	138.0	145.7	154.5
Net export of goods and services:	Bil. dol.	16.2	18.1	31.5	50.0	56.3	49.9	50.3	48.9	63.8	67.4	66.1	56.6	72.7	71.8	69.0	78.8	82.3
Government purchases of goods and services:	Bil. dol.	.8	1.1	9.0	.6	2.4	1.3	-.4	1.0	1.1	2.9	4.9	1.2	-.8	3.0	4.4	3.8	4.5
Federal (less Government sales)	Bil. dol.	8.5	24.8	28.4	39.0	60.5	76.0	82.8	75.3	75.6	79.0	86.5	93.5	97.2	99.6	107.9	117.0	125.1
State and local	Bil. dol.	1.3	16.9	15.6	19.3	38.8	52.9	58.0	47.5	45.3	45.7	49.7	52.6	53.6	53.1	57.4	62.4	66.3
Implicit price deflator for GNP	Bil. dol.	7.2	7.8	12.7	19.7	21.7	23.2	24.9	27.7	30.3	33.2	36.8	40.8	43.6	46.5	50.6	54.6	58.8
1954=100		57.4	52.9	83.0	89.5	96.2	98.1	99.0	100.0	101.2	104.6	108.4	110.8	112.6	114.2	115.7	116.9	118.7
Industrial production, total <u>2/</u>	1957-59=100	38	56	66	75	81	84	91	86	97	100	101	94	106	109	110	118	124
Total civilian employment <u>3/</u>	Millions	47.6	50.4	57.8	59.7	60.8	61.0	61.9	60.9	62.9	64.7	65.0	64.0	65.6	66.7	66.8	67.8	68.8
Nonagricultural employment	do.	37.2	41.2	49.6	52.3	53.7	54.2	55.4	54.4	56.2	58.1	58.8	58.1	59.7	61.0	61.3	62.7	63.9
Unemployment	do.	1.6	5.6	2.4	3.4	2.1	1.9	1.9	3.6	2.9	2.8	2.9	4.7	3.8	3.9	4.8	4.0	4.2
Income:																		
Nonagricultural payments <u>1/</u>	Bil. dol.	77.7	88.0	172.8	211.3	237.0	254.3	271.5	273.8	295.0	317.9	336.1	343.0	368.6	385.1	400.3	424.5	445.7
Production-worker payrolls <u>4/</u>	1957-59=100	20.0	30.7	60.3	68.9	80.3	84.5	93.6	85.4	94.8	100.2	101.4	93.5	105.1	106.7	105.4	113.7	118.0
Weekly earnings of production workers in manufacturing <u>5/</u>	Dollars	24.76	29.48	49.17	58.32	63.34	67.16	70.47	70.49	75.70	78.78	81.59	82.71	88.26	89.72	92.34	96.56	99.38
Durable	do.	26.84	33.56	51.76	62.43	68.48	72.63	76.63	76.19	82.19	85.28	88.26	89.27	96.05	97.44	100.35	104.70	108.08
Nondurable	do.	22.47	24.39	46.03	53.48	56.88	59.95	62.57	63.18	66.63	70.09	72.52	74.11	78.61	80.36	82.92	85.54	87.91
Agricultural trade: <u>5/</u>																		
Domestic exports	Bil. dol.	1.7	.7	4.0	2.9	4.0	3.4	2.8	3.1	3.2	4.2	4.5	3.9	4.0	4.8	5.0	5.0	5.6
Imports for consumption	Bil. dol.	2.2	1.7	2.8	4.0	5.2	4.5	4.2	4.0	4.0	4.0	4.0	3.9	4.1	3.8	3.7	3.9	4.0
Prices: <u>6/</u>																		
Wholesale prices, all commodities: 1957-59=100		52	48	81	87	97	94	93	93	93	96	99	100	101	101	100	101	100
Commodities other than farm and food	do.	52	50	75	83	92	89	90	90	92	96	99	100	101	101	101	101	101
Farm products	do.	64	50	109	106	124	117	106	104	98	97	99	104	97	97	96	98	96
Food processed	do.	54	47	91	93	103	101	97	98	94	94	98	103	99	100	101	101	101
Consumer price index	do.	60	51	78	84	90	92	93	94	93	95	98	101	102	103	104	105	107
Food	do.	56	44	81	86	95	97	96	95	94	95	98	102	100	101	103	104	105
Prices received by farmers <u>6/</u>	1910-14=100	148	124	276	258	302	288	255	246	232	230	235	250	240	238	240	243	241
Crops	do.	135	108	163	233	265	267	240	242	231	235	225	223	221	222	227	230	238
Livestock and products	do.	159	138	288	280	336	306	268	249	234	226	244	273	256	253	251	255	244
Prices paid, interest, taxes and wage rates <u>6/</u>	1910-14=100	160	133	240	256	282	287	277	278	276	278	287	294	298	300	302	307	312
Items used in living	do.	154	130	237	246	268	271	269	270	270	274	282	287	288	290	291	294	298
Items used in production	do.	146	130	224	246	273	274	256	255	251	250	257	264	266	265	266	270	273
Parity ratio	do.	92	93	115	101	107	100	92	89	84	83	82	85	81	80	79	79	77

1/ U. S. Department of Commerce. 2/ Federal Reserve Board. 3/ U. S. Department of Labor, old definitions used 1929-41. 4/ U. S. Department of Labor. 5/ U. S. Department of Agriculture, Foreign Agricultural Service. 6/ U. S. Department of Agriculture, Statistical Reporting Service.

p. Preliminary.

U. S. Department of Agriculture
Washington, D. C. 20250.

POSTAGE AND FEES PAID
U. S. Department of Agriculture

OFFICIAL BUSINESS

NOTICE

If you no longer need this publication,
check here ☐ return this sheet,
and your name will be dropped from
the mailing list.

If your address should be changed,
write the new address on this sheet
and return the whole sheet to:

Division of Administrative Services (ML)
Office of Management Services
U. S. Department of Agriculture
Washington, D. C. 20250.

DPS-100 The Demand and Price Situation

:
: The Demand and Price Situation is published in :
: January, April, July, and November. :
: :
: The next issue is scheduled for release :
: August 1964. :
: